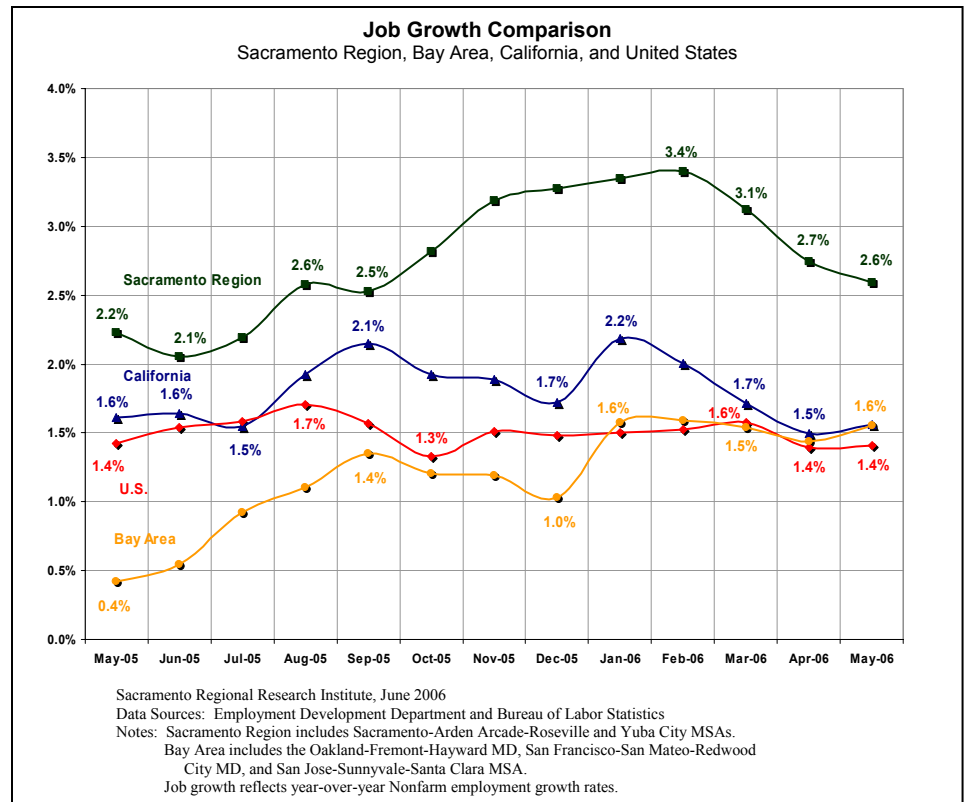


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

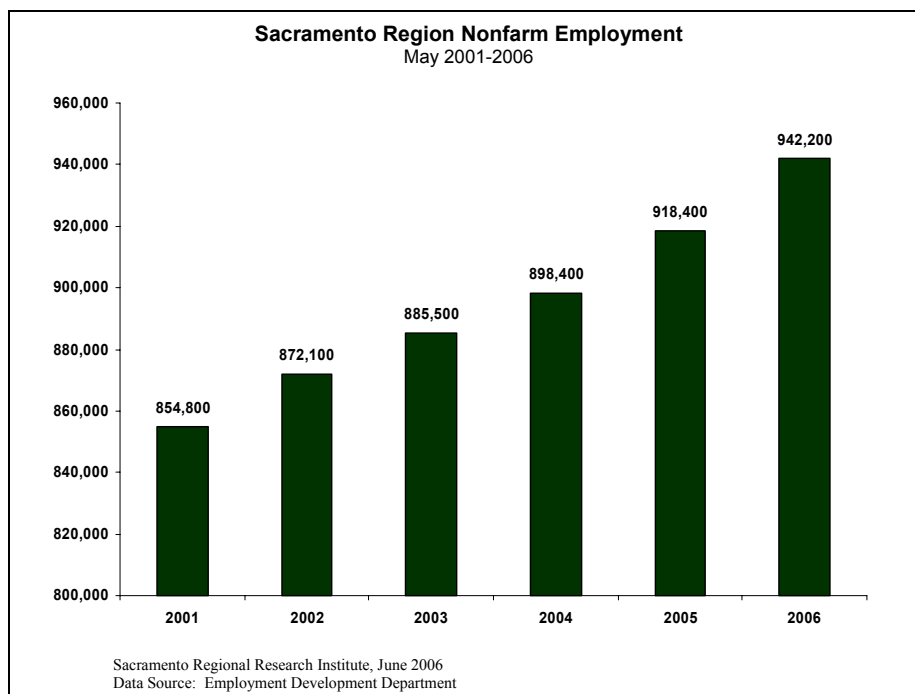
Job growth in the Sacramento Region declined for the third straight month, but remained fairly strong.

While still remaining relatively strong, job growth in the Sacramento Region declined for the third straight month in May 2006. Over the past 12 months, the Region posted 2.6 percent employment growth (a gain of 23,800 jobs), notably lower than the year-over-year growth rate of 3.4 percent seen in February 2006. The recent decline has primarily been driven by slowing job growth in the Construction and Financial Activities sectors. Despite this recent pattern, the Sacramento Region continued to experience job growth considerably above the statewide and national averages.

The state's three-month decline in year-over-year employment growth rates leveled off in May 2006, reaching 1.6 percent growth (an increase of 230,400 employees). California's job growth remained slightly above the national average, which it has not dropped below since July 2005.



The nation's economy continued to be characterized by flat job growth in May 2006, hovering around its year-long average of 1.5 percent growth. Between May 2005 and 2006, the nation gained about 1.9 million jobs, reflecting a growth rate of 1.4 percent.



For the second straight month, the Bay Area posted job growth around the statewide average and above the national average. This marks a notable point in the region's economic recovery and some of the highest growth it has seen in a number of years. Over the past year, the Bay Area added 44,100 jobs with 1.6 percent growth. Since January 2006, the Bay Area has experienced a fairly flat job growth pattern, posting growth rates around 1.5 percent.

The Region's Professional & Business Services; Trade, Transportation, & Utilities; and Government sectors saw the greatest job gains over the past 12 months.

The majority of the Sacramento Region's net job growth in May 2006 was created in the Professional & Business Services; Trade, Transportation, & Utilities; and Government sectors. Together, these three sectors added 14,800 jobs over the past 12 months. Manufacturing continued to diverge from the statewide job loss trend, adding 2,500 jobs within the Region. Information; Other Services; and Natural Resources & Mining continued to post job losses on a year-over-year basis.

The Professional & Business Services; Leisure & Hospitality; and Trade, Transportation, & Utilities sectors saw the greatest job gains in the state between May 2005 and 2006 with a combined increase of 128,100 jobs. Only the Manufacturing and Information sectors posted statewide job losses over the past year.

The Construction sector continued to play an important role in the Bay Area's economy over the past 12 months, despite seeing slowing job growth in other areas of the state—this sector contributed nearly one-quarter of the Bay Area's net job gains. In addition to Construction, the Professional & Business Services and Leisure & Hospitality sectors experienced the greatest job gains. As its economic conditions have improved, the Bay Area has seen year-over-year job losses in only two sectors, Information and Other Services.

Employment Gains and Losses		
Components of Sacramento Region and Bay Area		
Area	May 2005-2006	
	Absolute	Rate
Sacramento Region	23,800	2.6%
Sacramento-Arden Arcade-Roseville MSA	21,500	2.4%
Yuba City MSA	2,300	5.9%
Bay Area	44,100	1.6%
Oakland-Fremont-Hayward Div.	24,800	2.4%
San Francisco-San Mateo-Redwood City Div.	13,000	1.4%
San Jose-Sunnyvale-Santa Clara MSA	6,300	0.7%

Sacramento Regional Research Institute, June 2006
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

the Bay Area's strongest economy. With 2.4 percent (a gain of 24,800 jobs) this Metropolitan Division saw job growth above the region's average. The San Francisco-San Mateo-Redwood City Metropolitan Division (including Marin, San Francisco, and San Mateo Counties) played an important role in the Bay Area's job growth in May 2006, accounting for 29 percent of the net job growth with a 1.4 percent year-over-year employment increase equating to a 13,000 job increase. The San Jose-Sunnyvale-Santa Clara MSA (containing San Benito and Santa Clara Counties) still has not regained its prominent position in the Bay Area's economy. While it saw positive job growth in May 2006 (an addition of 6,300 jobs), its growth rate remained below 1 percent.

Major Sector Employment Gains and Losses			
Sacramento Region, California, and Bay Area			
Sector	May 2005-2006		
	Sacramento Region	California	Bay Area
Total Nonfarm	23,800	230,400	44,100
Private Sector	19,600	203,300	41,600
Public Sector	4,200	27,100	2,500
Prof. & Business Svcs.	5,800	63,700	8,900
Trade, Trans., & Util.	4,800	27,600	5,000
Government	4,200	27,100	2,500
Leisure & Hospitality	4,100	36,800	6,300
Manufacturing	2,500	-2,100	1,400
Construction	1,400	24,000	10,600
Financial Activities	1,200	18,600	5,000
Edu. & Health Svcs.	800	26,000	5,700
Nat. Res. & Mining	-100	800	100
Other Services	-200	9,800	-100
Information	-700	-1,900	-1,300

Sacramento Regional Research Institute, June 2006
Data Source: Employment Development Department

The Sacramento Region's largest Metropolitan Statistical Area (MSA), Sacramento-Arden Arcade-Roseville (including El Dorado, Placer, Sacramento, and Yolo Counties), accounted for about 90 percent of the Region's net job gain between May 2005 and 2006—it posted 2.4 percent growth and saw an increase of 21,500 jobs. The Yuba City MSA (containing Sutter and Yuba Counties) added the remaining 10 percent of the Region's net job increase with a gain of 2,300 jobs. While the Yuba City MSA continued to see strong job growth in recent months (5.9 percent in May 2006) it has been posting growth rates lower than its high of 7.9 percent in January 2006.

Accounting for 56 percent of the Bay Area's net year-over-year employment increase, the Oakland-Fremont-Hayward Metropolitan Division (consisting of Alameda and Contra Costa Counties) remained

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This edition of *Economy Watch* was produced by Ryan Sharp, Director.